

Highlights of Johnson-Shelby Iran Sanctions, Accountability and Human Rights Act of 2012 **(S. 2101)**

Expanding Human Rights Sanctions: Imposes broad sanctions, including visa denial and freezing of assets, on persons and firms which supply Iran with technologies – including weapons, rubber bullets, tear gas and other riot control equipment, and jamming, monitoring and surveillance equipment – which the President determines are likely to be used by Iranian security forces to commit human rights abuses. Also requires: sanctions against individuals and firms found to have engaged in censorship; a strategy to promote Internet freedom in Iran; and 90-day expedited processing of Iran-related humanitarian, human rights and democratization aid.

US Policy Statement on Iran: Declares US policy to be to prevent Iran from acquiring or developing nuclear weapons, continuing its support for international terrorism, and engaging in other activities designed to destabilize its neighbors in the region.

Intensification of US Diplomatic Efforts on Iran: The bill urges:

- Prompt expansion and vigorous implementation of bilateral and multilateral sanctions against Iran;
- Intensification of US diplomatic efforts, including broadening the UN sanctions regime to include additional restrictions on Iran's human rights violators, Iranian supporters of proliferation and terrorism, and an Iranian shipping firm and airline designated by the US for sanction for arms proliferation and terrorism support;
- Expanded sanctions on Iran's energy sector; and expansion of US diplomatic and economic efforts to help key allies reduce their dependence on Iranian crude oil supplies.

Extends US sanctions to Iranian Energy Joint Ventures: For the first time, extends US sanctions under the Iran Sanctions Act (ISA) to firms engaged in energy-related joint ventures anywhere in the world established after 2002 in which Iran's government is a substantial partner or investor, or by which Iran could otherwise receive critical advanced energy sector technology or know-how not previously available to its government.

Codifies and Expands Sanctions on Suppliers to Iran's Energy and Petrochemical Sectors: Codifies the President's decision on November 21, 2011 in Executive Order 13590 to extend US sanctions to Iran's petrochemical sector. The bill adopts the Executive Order's standards, monetary thresholds (\$250,000 per transaction, or multiple transactions aggregating to \$1 million in a 12-month period) and specific petrochemicals list. Extends US sanctions to all suppliers who knowingly provide goods, services and technologies valued at \$1 million or more, or \$5 million annually, to a person or firm involved in Iran's energy sector, including petroleum resource projects and domestic production of refined petroleum products (primarily gasoline) in Iran. Also imposes sanctions for entities providing services and support for infrastructure or port facilities projects directly related to such activities.

Applies mandatory US sanctions to Iranian Uranium Mining Joint Ventures: Requires at least 3 Iran Sanctions Act (ISA) sanctions to be imposed on firms who knowingly engage in joint ventures with Iran's government, Iranian firms, or persons acting for or on behalf of Iran's government in the mining, production or transportation of uranium anywhere in the world.

Exempts from sanctions persons who agree to withdraw from such projects within 6 months after the effective date of the bill.

Expands Current Sanctions Menu to Senior Corporate Officers of Sanctioned Firms:

Expands the current menu of sanctions available to the President under the ISA to authorize exclusion from the United States of principal corporate officers (or other senior officers performing a similar function) or major shareholders in a sanctioned firm, and provides for applicable ISA sanctions to be applied to the CEO or other senior officers of a sanctioned firm, which could include a freeze of their US assets.

Accelerates and Expands Efforts to Target Iran's Revolutionary Guard Corps (IRGC):

- Requires the President to identify and designate for sanctions known officials, affiliates and agents of the IRGC within 90 days, and periodically thereafter.
- Establishes priorities for investigations of IRGC entities. Requires exclusion of such persons from the US, and their designation for sanctions (related to WMD) under the International Emergency Economic Powers Act (IEEPA), including freezing their assets and otherwise isolating them financially. Requires reports to Congress on progress in sanctions designations.
- Makes foreign persons and firms who are agents and affiliates of the IRGC, and anyone who materially assists them, or engages in any significant transaction with them – including barter transactions – subject to at least 3 ISA sanctions. Also applies similar sanctions against any persons or firms who engage in significant transactions with UN-sanctioned persons, those acting for them or on their behalf. Provides for additional sanctions under IEEPA which the President deems appropriate. Requires the President to report on designations and waivers, as applicable.
- Extends US procurement ban to foreign persons who interact with the IRGC, requiring certification by all prospective government contractors that neither they nor any of their subsidiaries have engaged in significant economic transactions with designated IRGC officials, agents or affiliates.

NIOC and NITC: Requires the President to investigate and determine whether or not the National Iranian Oil Company and the National Iranian Tanker Company are IRGC entities. If the President so determines, they must be sanctioned.

Prohibiting Senior Officials from Entering the US: Denies entry into the United States for senior Iranian officials determined to be involved in Iran's illicit nuclear activities, support for international terrorism, or human rights abuses.

Assets of Iran in Terrorism Cases: Makes certain assets of Iran subject to the jurisdiction of US courts, avoiding the application of federal laws that would otherwise apply in these situations, and pre-empting any state law meant for routine commercial transactions. Strengthens the ability of US victims of terrorism to enforce US judgments for damages against Iran.

Mandatory Sanctions on Shippers of WMD/Terror Materials: Requires blocking assets of, and imposes other sanctions on, shippers, insurers, and reinsurers who knowingly provide ships or insure vessels used in the shipment of materials contributing to Iran's WMD program or its terrorism-related activities. Mandatory sanctions also apply to parent firms if they knew or should have known of the shipments, and to subsidiaries of violators if they knowingly participated in the activity.

Liability of US Firms for Activities of their Foreign Subsidiaries: Requires the imposition of civil penalties of up to twice the amount of the transaction on US parent companies for the activities of their foreign subsidiaries which, if undertaken in the US or by a US person, would violate US sanctions law. This includes activities under the current US trade embargo with Iran, and would apply regardless of whether the subsidiary had been established to circumvent US sanctions, as under the Comprehensive Iran Sanction and Divestment Act (CISADA).

SWIFT (Society for Worldwide Interbank Financial Telecommunication): Acknowledges recent diplomatic efforts of the Obama Administration to restrict Iran's access to the international financial system, including to ensure that SWIFT complies with international sanctions by cutting off access for sanctioned Iranian financial institutions. Requires a report from Treasury on the progress of such initiatives, and authorizes imposition of US financial sanctions on organizations like SWIFT if they continue to provide such services to sanctioned Iranian financial institutions.

Mandatory Disclosure of Iran-related Activity to the Securities and Exchange Commission: Requires firms whose stock is traded on US exchanges to disclose whether they or their affiliates have engaged in activities which may be subject to sanctions under US law (related to Iran's energy sector; conducting or facilitating certain banking violations supporting WMD activities/terrorism, money laundering, and the IRGC; transferring weapons and certain other technologies to Iran; transferring sensitive communications jamming or monitoring technology; interacting with person or firms designated for WMD/terrorism sanctions; or engaging in transactions with entities representing the government of Iran). Provides for detailed public disclosure of any such information by the SEC, and conveyance of that information by the SEC to Congress and the President. Requires the President to initiate an investigation into whether such activities are sanctionable, and to make a decision on sanctionability within 6 months.

Exclusion of Iranian Students Intending to Work in Iran's Energy or Nuclear Sectors: Requires the Secretary of State to deny visas to Iranian university and graduate students seeking to come to the US to study in certain energy- or nuclear-related fields, if the Secretary determines they intend to return to Iran to work in its energy sector or nuclear program.

Syria Human Rights: Imposes sanctions patterned after those in CISADA against entities that arm or otherwise enable the Syrian government to commit human rights abuses there.